

# **BUILDING DEVELOPMENT COMMISSION**

## **Minutes of March 15, 2016 Meeting**

Jonathan Bahr opened the Building-Development Commission (BDC) meeting at 3:05 p.m. on Tuesday, March 15<sup>th</sup> 2016.

**Present:** Jonathan Bahr, Travis Haston, Rob Belisle, John Taylor, Chad Askew, Tom Brasse, Melanie Coyne, Scott Shelton, Ben Simpson, Michael Stephenson, and Rodney Kiser

**Absent:** Hal Hester and Wanda Towler.

### **1. MINUTES APPROVED**

Travis Haston made the motion to approve the minutes from the February 16<sup>th</sup> Building Development Commission Meeting; seconded by Melanie Coyne. The motion passed unanimously.

### **2. BDC MEMBER ISSUES & INDUSTRY ASSOCIATION ISSUES**

There were no BDC Member or Industry Association issues.

### **3. PUBLIC ATTENDEE ISSUES**

No public attendee issues.

### **4. BUDGET MEETING INTRODUCTION**

This meeting is strictly a budget meeting; we will not review initiatives summarized in the report e-mailed to you March 11. If you have questions during the presentation, please feel free to ask as others may have the same question you have.

The Department and the BDC Budget Subcommittee held three meetings on Feb. 12<sup>th</sup>, Feb. 24<sup>th</sup> and Mar 11<sup>th</sup>; agreeing on a presentation strategy for the FY17 budget to the full BDC, including:

- FY17 expense level strategy, based on the current staff level of 245 FTE's
- Workload and revenue forecasts that recognize moderate growth
- Discussion of a possible permit fee decrease
- A formal vote on 3 motions

BDC meeting goal for 3.15.16; to agree on a budget strategy and conclude meeting with formal votes on the following three (3) items:

1. FY17 budget (with any fee change)
2. Demo fee RFBA (4th of 4 yrs.)
3. Tech transfer

Revisited the FY16 numbers, reviewed FY17 proposal by account line number (including FY17 tech proposal), FY16 revenue sources & expense status at 2/29/2016 and the balance option/strategy. The BDC action included:

- FY17 base budget
- Demo RFBA
- Reserve fund tech transfer

Handouts distributed were as follows:

- 1) FY16 amended
- 2) FY17 proposed with FY16 amended comparison
- 3) Revenue and Expense summary at Feb 29, 2016; including 15-year history
- 4) Tech budget proposal

5) Demo RFBA

## 5. REVIEW OF FY16 NUMBERS (Expense Summary in FY16 Budget)

Budget category	amount	Budget %	includes
<b>4000 – personal service</b>	21,536,607	79%	Salary, Temp & PTE's (39), OT, insur, FICA, wk comp, fringes
<b>5000 – contractual service</b>	1,897,182	6.93%	Telephone, travel, training, professional fees (including tech), attorney fees
<b>6000 - commodities</b>	675,743	2.47%	Office/dept supply, dues, books, uniforms, computers
<b>7000 – other</b>	155,000	.57%	Transfers from fund balance covering technology development
<b>8000 – internal service</b>	2,255,330	8.24%	LUESA overhead, CMGC overhead, vehicle maint
<b>9000– fixed assets</b>	862,500	3.15%	Auto replacement/bldg furnishings
<b>Total</b>	<b>\$27,382,362</b>	100.00%	For 245 FTE's

Note 1: FY16 amended budget includes two changes from the #'s the BDC approved on 3/17/2015

- 1) CM/OMB imposed change of \$116,915 in salaries and overhead and 8110 overhead
- 2) 12/1/2015 betterment adding 20 positions, at a cost of \$1.535M

Note 2: Projecting the Dec 1, 2015 betterment 20 FTE's to add \$1.847M to the FY17 budget

## Revenue Projection for FY16 Budget

Revenue Category	Amount	Includes
<b>Permit Fees</b>	<b>23,438,284</b>	12 mo. @ \$1,953,190/mo.
<b>Other Revenue</b>		
○ Com'l Express review	216,047	
○ Com'l 3rd review charges	48,854	
○ Com'l mega team	633,950	
○ Com'l other; RTAP & other chgs	1,110,056	
○ Com'l misc(cancel, DayCare, etc)	987	
○ Document control	565,117	
○ revenue collection	161,430	
○ bldg insp; Meck SI, OTI, IBA	656,506	
○ CATS Blue Line inspectors	0	
○ 3rd party	100,000	
○ ABC inspections	31,005	
○ MCFM added permits	207,167	
<b>Subtotal other revenue</b>	<b>3,731,119</b>	Note; 13.7% of total fee rev
<b>Tech fund transfer</b>	<b>155,000</b>	
<b>Total fee revenue projection Fy16</b>	<b>\$27,324,403</b>	

Note 3: two other non-permit fee sources (\*) impact the balancing of FY16 expenses and revenue:

- MCFM grant (\*).....\$1,610
- MCFM trainer County funding (\*).....\$56,349
- Subtotal.....\$57,959
- FY16 fee/other/tech revenue projection (from above)...\$27,324,403
- FY16 total revenue estimate.....\$27,382,362

## **FY16 Expense and Revenue Status at Feb. 29, 2016**

### **Expense Status as of Feb. 29, 2016**

- Budgeted expense: \$27,382,362/12 x 8 = \$18,254,908
- Status at 2/29/2016
  - With encumbrances; \$15,960,824
  - Actual amount expensed; \$15,473,718 (so about \$487,106 committed via encumbrance)
  - We are at 58.3% expensed at 2/29/2016 (or about 87% of the 8-month projection)
    - We are about 8% below the FY16 budget target so far.
    - This primarily reflects that the 25 betterment positions are taking us longer to fill than projected, so they are delayed in showing up in expense.

### **Revenue Status as of Feb. 29, 2016**

- FY16 Total Revenue Projection (with guaranteed amounts highlighted) breaks down into:
  - Permit Fees \$23,438,284
  - Other Revenue \$3,731,119
  - Tech Fund Transfer \$155,000
  - Grant Fire Marshal \$1,610
  - County Funding FM \$56,349
  - Total Revenue \$27,382,362
- Status at March 1, 2016
  - Permit Fee Revenue: \$16,516,422 (\$890.9k or 5.7% above projection of \$15,625,523)
  - Other Revenue: \$2,634,383 (\$146,971 or 5.9% above projection of \$2,487,412)
    - Total revenue (excluding tech transfer, grant & County funding) \$19,150,805
    - \$1,037,870 (5.74%) above 8-month permit/other total rev projection \$18,112,935

## **6. PROPOSED FY17 EXPENSE LEVEL**

Budget category <b>projection</b>	<b>FY17 rev estimate</b>	<b>FY16 amended</b>	Differences between FY17 proposed and FY16 amended
4000 – pers'l service	22,498,092	21,536,607	Up 961.5k for ext'g 245 FTE's; see note 2 <ul style="list-style-type: none"> <li>• Incl 3% raise (shows up as 450k diff)</li> <li>• OT at 266k, (up from 227.2k in Fy16)</li> <li>• PTE@ 58k</li> <li>• Other 4000 act (FICA, etc.) up 460k</li> </ul>

<b>5000 – contr'l service</b>	1,548,568	1,897,182	Total down 348k+, but <ul style="list-style-type: none"> <li>Fy16 included 125k in btmt increases</li> <li>5054 tech maint down 360k. see item 4.2</li> <li>5121 printing up 20k</li> <li>Training up 64k</li> <li>Fin charge up 38k</li> </ul>
<b>6000 - commodities</b>	582,361	675,743	Down 93.4k <ul style="list-style-type: none"> <li>Fy16 included 148k in btmt increases</li> <li>Dues &amp; Subscr up 14k (re Fy16 base)</li> <li>Uniforms (6035) up 28.8k (re Fy16 base)</li> <li>Comp repl includes 67k - COOP; see 4.3.4</li> <li>Gas&amp;Oil (6081) down 120k</li> </ul>
<b>7000 – other</b>	271,000	155,000	Tech support for proposed Phase II - TF recommendations. Covered by transfer from reserve fund.
<b>8000 – internal service</b>	2,261,682	2,255,330	<ul style="list-style-type: none"> <li>Veh Maint same (see also 6081)</li> <li>CMGC &amp; LUESA estimated at \$2 &amp; subject to confirmation.</li> </ul>
<b>9000–fixed assets</b>	132,000	862,500	Auto repl only; 3 trucks + 2 MCFM vehicles
<b>Total</b>	<b>\$27,293,702</b>	<b>\$27,382,362</b>	<b>Down \$88.66k</b>

Note 4: 2 key assumptions; 1) No FY17 betterments proposed at 7/1/16, and 2) continued moderate permit and inspection request growth

## Basics on Driving Changes in FY17 Expense Compared to FY16

### Aka Big Ticket Differences Between FY17 Expense Proposed and FY16

- FY16 betterments added \$1.847M to FY17 budget.
  - Betterment one time charges to 5000/6000/9000 accounts (about \$365k) don't recur
- Other substantive differences are:
  - 3% raise at \$450k (92% other than betterment related)
  - Tech maintenance (5054) dropped \$360k
    - Avolve project maintenance drops off until project restarts
  - Tech hardware added \$67k to improve access to plan review in a COOP event.
  - Vehicle replacement drops from FY16 base of 22 vehicles to 5
    - Reduces cost 410k, but will return in FY18 (about 25 vehicles, approx. \$550k +/-)

## Selected Expense Details

### 4000-Staff Cost up \$961.5k

- Biggest part is \$450k in 4002 (primarily 3% raise related) + 460k in 4021-4099
- OT (4005): estimated at \$266k, above FY16 at \$227.k; but 28% of FY16 burn rate (\$953k)
- PTE-temp (4004): estimated at \$58k, matching FY16 burn rate

### **5112-Training**

- Compared to current budget (without betterment cost) up \$58k
- 5112 includes something new this year; adds \$36k to 3075 to get us to the ISO target allocation. To be used for contract consultants or other CEO's to work with new staff:
  - *\$12k for plan review; mentoring new staff on review scope-technique, and peer review existing (established) staff on use of tools (matrix, AAN, interactive, etc.)*
  - *\$24k for inspections; coaching new staff on inspections regimen used for max efficiency, with emphasis on know what you're after, get in-inspect-move on*

### **5404-Temporary Labor (contract)**

- 3061: 3<sup>rd</sup> party contr @ \$90k, tech contr support @ \$40k
- 3075: \$30k for remote CEO work, plus \$5k for RTAC/AST

### **6075 - Computer Replacement**

Replacement schedule assumes; 3 years for tablets and desk tops, 4 years for plan review monitors, 2 years for iPads. Results in the following:

- Desktop/Tablet:
  - Desktop replacement covered in move to Suttle Ave
  - Replacing 6 iPads on MMF team with Surface Pro IV's @ \$1,417 ea.
- Monitors: est. FY17 replacement of 77 units @ \$245 ea. av'g cost
- iPads: estimate FY17 replacement of 41 units @ \$820 ea.
  - Above totals \$60,987
- COOP FY17 Initiative
  - 8 surface Pro IV's at \$1,420 ea. + 45 Dell Latitude E5550 @ \$1,220 ea.
  - Above totals \$67,000
- Total of all of above in 3075/6075 = \$127,987

### **6081 - Gas & Oil**

- Based on analysis of burn rates from FY15 EOY expense levels, increased 11% to reflect 12 vehicles not in rotation yet.
- Used FY15 EOY expense adjusted ( $\$226.2k \times 1.11 + 10\% = \$276,190$ ); but used \$275k

### **8003 - Vehicle Maintenance**

- Same basic burn rate approach as on 6081
- Used FY15 EOY expense adjusted ( $\$214.3k \times 1.11 + 10\% = \$261,660$ ); but used \$260k

### **9006 – Vehicle Replacement**

- From FY13-FY16, implemented 4 year replacement schedule for 83 inspector trucks
  - Included nothing for replacement of office support vehicles, except MCFM.
- FY17 was scheduled to drop to a 5 year schedule, replacing 20% of fleet (120+/-).

- But with the FY16 purchase and the last betterment, with a few exceptions, all inspector vehicles are 2014 or newer.
  - 13 of 120 are in the 50-70k mileage range
- FY17 vehicle replacement budget **proposes a 1 year scale back:**
  - 3 Ford Escapes at \$22k each = \$66k
  - 2 Ford Explorer Police Interceptors at \$33k = \$66k for MCFM
- Total Budget: \$132,000. See line 3075/9006

### ISO Compliance

- Note that FY17 is an ISO audit year, starting 7/1/16 (audit occurs in fall 2017).
- We reviewed compliance strategy with the Subcommittee, agreeing to the change in 5112 training.

### Technology FY15 Funding Proposal and Project List

<b>Maintenance of Existing Programs (fund by permit fees)</b>	<b>Cost</b>	
Meck Si - Server hosting and maintenance - NTT DATA	\$55,200	
Computronix - POSSE licenses	\$54,000	
Computronix - POSSE annual support maintenance	\$43,200	
Computronix - POSSE troubleshooting support	\$15,000	
Selectron – IVR Maintenance	\$32,000	
Lincoln-Perry POSSE source code protection	\$2,000	
Adobe viewer licensing costs	\$5,600	
BlueBeam license	\$1,000	
BlueBeam license	\$5,600	
Novo suite asset management component	\$27,260	
EPS server and storage hosting (by Cognet & MCNC)	\$36,000	
Plan Review Client Feedback tool annual; OnSch-Mega	\$6,000	
Inspections Client Feedback tool annual (estimate)	\$30,000	
Lobby queuing maintenance	\$4,350	
Sages (3)	\$130,000	
Navis Works	\$4,000	
Prezi	\$2,200	
City of Raleigh – e-plan-nc hosting agreement	\$16,728	
Creative Cloud	\$860	
CAD-AIA	\$800	
Navision	\$1,200	
	<b>Subtotal</b>	<b>\$472,998</b>
<b>Existing Program Enhancements (fund by permit fees)</b>		
Q-Flow refinements – Phase II	\$20,000	
Winchester enhancements	\$35,000	
Hold refinements	\$40,000	
	<b>Subtotal</b>	<b>\$95,000</b>

<b>New Projects (fund by transfer from Dept. special fund)</b>		
Tech supporting Task Force recommendations – Phase II	\$271,000	
	<b>Subtotal</b>	<b>\$271,000</b>
<b>Total all categories</b>	<b>Grand total</b>	<b>\$838,998</b>

Notes:

Note 5: These projects suggested as likely candidates for FY17 enhancements. Actual project selection to be made by Tech Leadership Team during FY17.

Note 6: This relates to tech supporting the AE-GC-Builder Task Force Final Report.

- FY16 supported Phase I of this, totaling \$155k (see Part 4 of TF Final Report).
- FY17 proposes Phase II, adding 3 TF related projects; Holds-multiple agency (\$55k), Pathfinder (\$131k) and Fee Schedule Plus (\$85k).
- FY18 would include Phase III industry lower priorities, Appendix B and Entry Redundancy.

## 7. Balancing the FY17 Budget – *assuming no fee change*

### Permit Revenue Status

- FY16 YTD total revenue is running \$1.039M or 5.74% ahead of projection
  - Permit fee revenue; \$16,516,422 (\$890.9k or 5.7% above projection of \$15,625,523)
    - Or \$2.06454 M/month
  - Other revenue; \$2,634,383 (\$146,971 or 5.9% above projection of \$2,487,412)

### Other Revenue Status at 2/29/16

Other revenue item	Fy16 estimate	Other Rev YTD at 2/29/16	2/29/16 Other Rev Annualized
○ Com'l Express review	216,047	244,500	(9) 310,000
○ Com'l 3rd review charges	48,854	28,185	42,278
○ Com'l mega team	633,950	512,285	(9) 725,000
○ Com'l other; RTAP & other chgs	1,110,056	713,100	1,069,650
○ Com'l misc(cancel, DayCare, etc)	987	2,400	2,500
○ Document control	565,117	401,410	602,115
○ revenue collection	161,430	104,120	156,180
○ bldg insp; Meck SI, OTI, IBA	656,506	482,262	(8) 711,268
○ 3rd party	100,000	0	(7) 100,000
○ ABC inspections	31,005	19,760	29,640
○ MCFM added permits	207,167	126,362	189,543
<b>Subtotal other revenue</b>	<b>3,731,119</b>	<b>2,634,384</b>	<b>3,938,174</b>

Note 7: FY17 projection adds 100k revenue for 3<sup>rd</sup> party insp. work

Note 8: FY17 projection does not annualize 2/29/16 Meck-SI revenue.

Note 9: Director's analysis recommends lowering FY17 projection for Ex Rev'w to \$310k and Mega to \$725k

## **FY17 Gross Revenue Could Look Like This**

**Minimum:** if FY16 only hits revenue projection in remainder of FY16

- Bldg permit revenue; \$16,516,422 + 4 mos @ \$1,953,190 x = \$7,812,760 = \$24,329,182  
.....or 2.027M/month
- Other revenue; \$2,634,384+ 4 mos @ \$310, 927 = 1,243,708 + 100k (note 7) = \$3,978,092
- Technology transfer.....\$271,000
- Total FY16 minimum predicted gross revenue .....\$28,578,274

**Maximum:** if FY16 monthly YTD average continues end of FY16

- Bldg permit revenue;.....\$16,516,422 /8 x 12 = \$24,774,633  
.....or 2.0574M/month
- Other revenue;.....\$3,938,174 (from 2/29/16 annualized above)..... \$3,938,174
- Technology surcharge transfer..... \$271,000
- Total FY17 predicted gross revenue ..... \$28,983,807

## **Options to Balance the FY17 Budget**

- Assumes FY17 expense level of \$27,293,702
- Assumes no FY17 position betterment at 7/1/16

### **Conservative Fee Projection**

- Permit fees; at \$1,923,710 /month (\*)...... \$23,084,528
- Other revenue; at \$328,181/month ..... \$3,938,174
- Tech surcharge transfer; from item 5 (new projects).....\$271,000
- Total.....\$27,293,702

Note (\*): this is approximately 93.1% of (below) the Fy16 YTD monthly permit rev average.

### **Fee Reduction of 5% Based on “Minimum” Revenue Forecast**

- Permit fees; minimum (conservative) from above item 7.3.1..... \$24,329,182
  - Less a 5% permit fee reduction.....(\$1,216,459)
- Other revenue; minimum from item 7.3.2 above.....\$3,938,174
- Tech surcharge transfer; from item 7 (new projects).....\$271,000
- Total.....\$27,321,897

### **Fee Reduction of 5% Based on “Maximum” Revenue Forecast**

- Permit fees; minimum (maximum) from above item 5.4.2.....\$24,774,633
  - Less a 5% permit fee reduction.....(\$1,238,732)
- Other revenue; minimum from item 7.3.2 above.....\$3,938,174
- Tech surcharge transfer; from item 7 (new projects).....\$271,000
- Total.....\$27,745,075

## **8. Reminder on Demo Fee Changes in LUESA Fee Ordinance**

As a follow-up from the April 2012 BDC Meeting, we were asked to:



- “Discuss with LUESA Director or CM’s office how to advance this, in light of the BDC’s vote supporting a FY13 increase of 10% followed by four annual increases of 2.5%, in contrast to the 20% proposed by Code Enforcement-Air Quality-Environmental Health.”

The BOCC approved the initial 10% increase on 6/5/12 and annual 2.5% increases in 6/13, 6/14 and 6/15. This RFBA provides the 4th annual 2.5% increases, as requested by the BDC in the April 17, 2012 meeting.

**Motions made by the Building Development Commission as recorded below; all passed unanimously.**

*Travis Haston made the motion to approve the FY17 Budget as presented today by the Department, including a 5% reduction in permit fees (applies only to Item 1. Total Construction Permit Value/Permit, on page 5 of the LUESA Fee Ordinance); seconded by Scott Shelton. The motion passed unanimously.*

*Travis Haston made the motion to approve the demo fee increase; described in the RFBA meeting handout, seconded by Melanie Coyne. The motion passed unanimously.*

*Travis Haston made the motion to approve the \$271,000 technology transfer from the reserve fund (covering 3 new projects in 7501, described by Department in the meeting), seconded by Tom Brasse. The motion passed unanimously.*

### **Department Concluded Presentation**

Jim thanked BDC Members, Jonathan Bahr, Travis Haston, Tom Brasse, Michael Stephenson, John Taylor and Wanda Towler for their work on the BDC Budget Subcommittee. Jim also gave a special thanks to Amy Hollingsworth for doing all the background numbers work to support management team.

## **9. ADJOURNMENT**

The March 15th meeting of the Building Development Commission adjourned at 5:15 p.m.

The next meeting of the Building Development Commission is scheduled for Tuesday, April 19<sup>th</sup> 2016.